

Legislative Digest

Week of February 7, 2000

Vol. XXIX, #2, February 4, 2000

J.C. Watts, Jr.
Chairman
4th District, Oklahoma

Monday, February 7

House Meets at 2:00 p.m. for Pro Forma Session

Tuesday, February 8

*House Meets at 12:30 p.m. for Morning Hour and 2:00 p.m. for Legislative Business
(No Votes Before 6:00 p.m.)*

**** Three Suspensions**

H.R. 1451	Abraham Lincoln Bicentennial Commission Act (Considering Senate Amendments).....	p.1
S. 632	Poison Control Center Enhancement and Awareness Act.....	p.3
H.Con.Res. 76	Sense of Congress Recognizing the Problem of Child Abuse and Neglect.....	p.5

Wednesday and Thursday, February 9-10

*Wednesday, House Meets at 9:30 a.m. for Morning Hour and 11:00 a.m. for Legislative Business
Thursday, House Meets at 10:00 a.m. for Legislative Business*

H.R. 2086	Networking and Information Technology Research and Development Act.....	p.6
H.R. 6	Marriage Tax Penalty Relief Act.....	p.9

Friday, February 11

No Votes Expected

Brian Fortune: *Managing Editor*

Kevin Smith: *Senior Legislative Analyst*

Scott Galupo, Brendan Shields,
Heather Valentine & Michelle Yahng:
Legislative Analysts



Legislative
Digest

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Abraham Lincoln Bicentennial Commission Act

(Considering Senate Amendments)

H.R. 1451

Committee on Government Reform
No Report Filed
Referred to the House on November 22, 1999

Floor Situation:

The House is scheduled to consider Senate amendments to H.R. 1451 under suspension of the rules on Tuesday, February 8, 2000. The bill is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

Summary:

H.R. 1451, as amended by the Senate, establishes a 15-member commission to research and recommend appropriate activities to commemorate the 200th anniversary of Abraham Lincoln's birth in 2009. The members of the commission will be selected by the president, the Senate majority leader, the Senate minority leader, the Speaker of the House, and the House minority leader. The bill requires the committee to study such activities as (1) minting a Lincoln bicentennial penny; (2) issuing a bicentennial postage stamp; (3) celebrating his life through formal events at the Lincoln Memorial; (4) convening a joint session of Congress for appropriate ceremonies; and (5) acquiring and preserving Lincoln artifacts. The commission must report its recommendations to Congress within four years. The Senate amendments to H.R. 1451 made minor changes regarding the commission's composition.

America's 16th president, Abraham Lincoln, rose from humble roots to become one of the country's greatest leaders. Inheriting a fractious union on the eve of conflagration, Lincoln guided the country through its darkest crisis as the bloody scourge of civil conflict, erupting from the tension underlying one of the Republic's last unresolved questions—the institution of slavery and the fundamental rights of man—swept across the land, transforming tranquil farmland into blasted heath, besetting brother against brother, and swallowing up more of America's fighting souls than all of her wars since. President Lincoln confronted some of the most difficult decisions that could be placed before a leader and avoided the easy political expedencies that might have ensnared an ordinary man, choosing war over negotiating an uneasy peace, choosing emancipation over continuing an abomination.

Lincoln saved his beloved Union but did not live to rebuild it, succumbing to an assassin's bullet on April 14, 1865, less than a week after the Civil War ended. Remembered for his honesty and integrity, his charity and generosity—but most of all for his commitment to unity and equality—Abraham Lincoln has become an immortal icon in the pantheon of American Democracy and a model of leadership to which the best of us aspire, few achieve, and fewer surpass.

The House originally passed H.R. 1451 under suspension of the rules by a vote of 411-2 on October 4, 1999. The bill was further amended in the Senate and passed by unanimous consent on November 19.

Costs/Committee Action:

CBO estimates that enactment of H.R. 1451 will cost the federal government between \$1 million and \$1.5 million over FYs 2000-2004. The bill affects direct spending and receipts, so pay-as-you-go procedures apply.

The Government Reform Committee approved H.R. 1451 by voice vote on September 30, 1999. The Senate Judiciary Committee discharged the measure by unanimous consent on November 19.



Michelle Yahng, 226-6871

Poison Control Center Enhancement and Awareness Act

S. 632

Committee on Commerce
No Report Filed
Referred to the House on September 8, 1999

Floor Situation:

The House is scheduled to consider S. 632 under suspension of the rules on Tuesday, February 8, 2000. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

Summary:

S. 632 authorizes \$28 million annually over the next five fiscal years to (1) provide a stable source of funding for poison centers; (2) establish a national toll-free poison control hotline; and (3) improve public education and services. In order to ensure that these funds supplement, not supplant, other funding that the centers receive, the bill authorizes the Health and Human Services (HHS) Secretary to impose a matching requirement with respect to amounts provided under a grant if the secretary deems it appropriate. In order to receive federal funding, a poison center must be certified by the HHS Secretary or an organization expert in the field of poison control designated by the secretary.

Background:

Each year, more than two million poisoning incidents are reported to control centers throughout the United States. More than 90 percent of these incidents occur in the home, and more than 50 percent of poisoning victims are children under the age of six. According to a report issued by the "Poison Control Center Advisory Group" to the Center for Disease Control, every dollar spent on poison control services saves seven dollars in medical costs.

Despite their demonstrated value, poison control centers are in jeopardy. Historically, these centers were funded by private and public sector hospitals where they were located. The transition to managed care, however, has resulted in a gradual erosion of this funding. As this funding source has dried up, poison control centers have only partially been able to replace this support by cobbling together state, local, and private funding. The financial squeeze has forced many centers to curtail their poison prevention advisory services and their information and emergency activities, and to reduce the number of nurses, pharmacists, and physicians answering emergency telephones. Currently, there are 73 centers nationally as opposed to 661 in 1978.

The Senate passed this measure by unanimous consent on August 5, 1999.

Costs/Committee Action:

CBO estimates that enactment of S. 632 will result in additional discretionary spending of \$5 million in FY 2000 and \$112 million over the FYs 2000-2004 period. The legislation does not affect direct spending, so pay-as-you-go procedures do not apply.

The House Commerce Committee did not consider the bill.



Brendan Shields, 226-0378

Sense of Congress Recognizing the Problem of Child Abuse and Neglect

H.Con.Res. 76

Committee on Education & the Workforce

No Report Filed

Introduced by Mr. Salmon *et al.* on March 24, 1999

Floor Situation:

The House is scheduled to consider H.Con.Res. 76 under suspension of the rules on Tuesday, February 8, 2000. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

Summary:

H.Con.Res. 76 expresses the sense of Congress that (1) all Americans should keep abused and victimized children in their thoughts and prayers; (2) all Americans should seek to break the cycle of abuse and neglect; and (3) the faith community, nonprofit organizations, and volunteers across America should re-commit themselves and mobilize their resources to assist abused and neglected children. In addition, the resolution states that Congress supports the goals and ideas of the “Day of Hope” and commends Childhelp USA for its efforts on behalf of abused and neglected children everywhere.

The “Day of Hope” was established by Childhelp USA, a nonprofit organization combating childhood neglect and abuse, to focus public attention on these abuses. The day is observed on the first Wednesday of every April, the month already recognized as Child Abuse Prevention Month.

Every year in America, more than three million children are suspected victims of abuse and neglect. Of these, more than 500,000 children are unable to live safely within their homes and are placed in foster homes and institutions, and more than 1,000 lose their lives as a direct result of abuse and neglect.

Committee Action:

The resolution was not considered by a House committee.



Heather Valentine, 226-7860

Networking and Information Technology Research and Development Act

H.R. 2086

Committee on Science
H.Rept. 106-472, Pt. I
Introduced by Mr. Sensenbrenner *et al.* on June 9, 1999

Floor Situation:

The House is scheduled to consider H.R. 2086 on Wednesday, February 9, 2000. The Rules Committee is scheduled to meet on the bill at 6:30 p.m. on Tuesday, February 8. Additional information on the rule and potential amendments will be provided in a *FloorPrep* prior to floor consideration.

Summary:

H.R. 2086 authorizes \$4.8 billion over FYs 2000-2004 for networking and information technology research and development at the National Science Foundation (NSF), the National Aeronautics and Space Administration (NASA), the Energy Department (DOE), the National Institute of Standards and Technology (NIST), the National Oceanic and Atmospheric Administration (NOAA), and the Environmental Protection Agency (EPA). The funding for the six agencies will go toward the High-Performance Computing and Communication (HPCC), Next Generation Internet (NGI; which is authorized only for FY 2000-2001), and other information technology programs.

The measure also makes permanent the research and development (R&D) tax credit; however, Chairman Sensenbrenner is expected to ask the Rules Committee to strike the provision from the bill (after the Science Committee reported the bill last September, Congress enacted legislation (*P.L. 106-170*) extending the R&D tax credit for five years).

For the NSF (which receives roughly 60 percent of the funding authorized by the bill) H.R. 2086 authorizes a total of \$3 billion, including:

- * \$130 million for grants of up to \$1 million for high-end computing, software, and networking research;
- * \$220 million for information technology research centers;
- * \$385 million for terascale computing;
- * \$95 million for universities to establish internship programs for research at private companies;
- * \$56 million for educational technology research; and
- * \$50 million for the NGI program.

In addition, the bill authorizes:

- * \$602.2 million for the DOE (including \$30 million for the NGI program);
- * \$1 billion for NASA (including \$20 million for the NGI program);
- * \$73 million for NIST (including \$11 million for the NGI program);
- * \$71.7 million for NOAA; and
- * \$22.3 million for the EPA.

Finally, the bill authorizes a series of studies and reports, including one on Internet privacy (to be conducted by the National Research Council), the availability of encryption technologies in foreign countries (to be conducted by the NSF), and the impact of information technology research funded by certain appropriations bills (to be conducted by the Comptroller General).

Background:

Information technology (IT) research has played a vital role in fomenting the information revolution—paving the way for new industries and high-paying jobs, and advancing science generally. IT now represents one of the fastest growing sectors of the U.S. economy, growing at an annual rate of 12 percent between 1993 and 1997. Since 1992, businesses producing computers, semiconductors, software, and communications equipment have accounted for one third of the economic growth in the U.S. In 1998, the Internet economy generated more than \$300 billion in U.S. revenue and 1.2 million jobs.

The federal government has spearheaded much IT research. The first high-performance computers were placed in government installations, largely for reasons of national defense. Government support for high-performance computing expanded in the 1970s, and by the early 1980s many agencies had developed independent programs. In the late 1980s, these programs were brought under one umbrella by the High-Performance Computing and Communications (HPCC) initiative, which ultimately involved 10 federal agencies.

These activities were authorized by the 1991 High-Performance Computing Act (*P.L. 102-194*). More recently, Congress authorized the Next Generation Internet (NGI) program (*P.L. 105-305*), whose goals are to: (1) promote experimental research into advanced network technologies; (2) establish a network test-bed that will increase network speed and capacity; and (3) link the missions of federal agencies with the needs of universities, laboratories, and industry through revolutionary applications.

The president's Information Technology Advisory Committee, in its *Information Technology Research: An Investment in Our Future* (published in February 1999), concluded that U.S. leadership in IT provides an essential foundation for promoting economic growth, education and research, environmental stewardship, public health, and national security. It also noted that support for long-term fundamental research in IT has eroded and that current research is too focused on near-term problems linked to agency missions.

To address these and other issues, the president's committee recommended that the federal government develop a strategic initiative for long-term R&D, fund projects for longer periods, establish an effective structure for managing and coordinating R&D, and increase spending by \$1.4 billion by FY 2004. H.R. 2086 represents an important phase of this initiative.

Costs/Committee Action:

CBO estimates that enactment will result in additional discretionary spending of \$3.7 billion over FYs 2000-2004. The bill affects direct spending, so pay-as-you-go procedures apply.

The Science Committee reported the bill by a vote of 41-1 on September 9, 1999.



Scott Galupo, 226-2305

Marriage Tax Penalty Relief Act

H.R. 6

Committee on Ways & Means

H.Rept. 106-____

Introduced by Mr. Weller *et al.* on February 10, 1999

Floor Situation:

The House is scheduled to consider H.R. 6 on Thursday, February 10, 2000. The Rules Committee is scheduled to meet on the bill at 6:30 p.m. on Tuesday, February 8. Additional information on the rule and potential amendments will be provided in a *FloorPrep* prior to floor consideration.

Summary:

H.R. 6 contains several initiatives to reduce the impact of the “marriage penalty” inherent in the tax code. Specifically, the bill provides \$182.3 billion in marriage penalty tax relief over 10 years (\$50.7 billion over five years) by changing the tax code in the following manner:

- * **Increasing the Standard Deduction.** The measure increases the standard deduction for married couples to twice that of single taxpayers beginning in 2001, providing \$66.2 billion in tax relief over 10 years. In 2000, the standard deduction amounts to \$4,400 for single taxpayers but just \$7,350 for married couples who file jointly (*e.g.*, were the bill effective in 2000, the standard deduction would amount to \$8,800, double the \$4,400 amount for singles).
- * **Expanding the 15 Percent Tax Bracket.** H.R. 6 increases the 15 percent tax bracket for married couples who file jointly to twice that of single taxpayers beginning in 2003, phased in over six years (providing \$104.7 billion in tax relief over 10 years). Under current law, the 15 percent bracket covers taxpayers with taxable income up to \$26,250 for singles and \$43,850 for married couples filing jointly. If the measure were in effect today, married couples would pay the 15 percent tax rate on their first \$52,500 of taxable income, instead of on their first \$43,850 under current law.
- * **Increasing the Earned Income Tax Credit.** Beginning in 2001, the bill increases by \$2,000 the amount a joint-filing couple may earn before their earned income tax credit benefits begin to phase out. This provision provides \$11.4 billion in tax relief over 10 years. The proposal will increase EITC payments to existing family recipients and make additional families eligible for the credit.

In addition, the measure repeals current law provisions that limit refundable child credits and earned income credits under the alternative minimum tax, effective beginning in 2002 (thus ensuring that no couples’ tax liability is increased under the bill). Finally, the bill makes a number of technical modifications to current law.

Total Estimated Tax Relief				
Fiscal Year	Increasing the Standard Deduction	Expanding 15% Tax Bracket	EITC Phase-Out Increase	Total Tax Relief in Bill
	(in billions)		(in billions)	
FY 2001	\$4.1	\$0.0	\$0.0	\$4.1
FY 2002	\$6.0	\$0.0	\$1.2	\$7.2
FY 2003	\$6.4	\$1.8	\$1.2	\$9.4
FY 2004	\$6.5	\$4.3	\$1.2	\$12.0
FY 2005	\$6.8	\$9.7	\$1.3	\$17.8
FY 2006	\$7.0	\$12.2	\$1.3	\$20.5
FY 2007	\$7.1	\$14.1	\$1.3	\$22.5
FY 2008	\$7.3	\$19.5	\$1.3	\$28.1
FY 2009	\$7.4	\$21.5	\$1.3	\$30.2
FY 2010	\$7.6	\$21.5	\$1.3	\$30.4
Total FYs 2001-2005	\$29.8	\$15.9	\$5.0	\$50.7
Total FYs 2001-2010	\$66.2	\$104.7	\$11.4	\$182.3

Source: Joint Committee on Taxation, as reported by the Ways & Means Committee; Details may not add due to rounding

Although reducing the “marriage penalty” has widespread and bipartisan support—and President Clinton championed reducing this burden on couples during his State of the Union address—the bill is controversial. Supporters of the measure argue that it includes common-sense reforms for low- and middle-income couples who unfairly pay more in taxes than they would if they were taxed as individuals. They argue that the current tax code punishes working couples by pushing them into a higher bracket and that this measure simply restores some semblance of fairness to the tax code. Finally, they contend that the president’s meager plan is nothing more than cosmetic window-dressing that essentially retains the status quo.

Opponents of the measure counter that the bill is too expensive and that we should enact a smaller marriage penalty package (like the president’s proposal) targeted only to low-income individuals, not one that is skewed towards the wealthy. Other critics argue that we should not confer billions of dollars in “marriage penalty tax relief” to millions of married families that already receive marriage bonuses. Finally, they argue that the bill was hastily cobbled together and that bill proponents are rushing the proposal through Congress without bipartisan consultation.

Background:

Married couples generally are treated as one unit that must pay taxes on the couple’s total taxable income. Although they may elect to file separate returns, the rate schedules and other provisions are structured in such a way that filing separate returns usually results in a higher tax than filing a joint return. Other rate schedules apply to single persons and to single heads of households.

What is the Marriage Penalty?

Many people argue that the individual income tax should be marriage-neutral (*i.e.*, the tax system should not influence the choice of an individual’s marital status). However, defining the married couple as a single

tax unit under the federal income tax code conflicts with the principle of marriage neutrality. Under the current federal income tax system, some married couples pay more income tax than they would as two unmarried singles (a marriage tax penalty), while other married couples pay less income tax than they would as two unmarried singles (a marriage tax bonus). As a general rule, two-income married couples whose earnings are evenly split (no more than 70-30) suffer from the marriage penalty, while those couples whose income is largely attributable to one person generally receive a marriage bonus.

Distribution of Marriage Penalties and Bonuses

According to the American Institute of Certified Public Accountants, there are 66 provisions in the tax code that produce marriage penalties, which affect two disparate sets of taxpayers for different reasons. At the middle and top of the income distribution, the progressivity of the tax structure—tax rate brackets and limits on credits and deductions—account for 55.6 percent of all marriage penalties. For low-income couples, however, the earned income tax credit (EITC) generates most penalties (accounting for 19.5 percent of all marriage penalties). The remaining 24.6 percent of marriage penalties come from 63 other provisions in the tax code, including the alternative minimum tax, the child-care credit, and the mortgage interest deduction.

Whether a couple incurs a marriage penalty or receives a bonus depends on the division of earnings between the spouses and on the couple's total income. A couple with a \$60,000 income earned equally by the husband and the wife will have a marriage *penalty* of \$880. In contrast, if the couple's \$60,000 income were earned entirely by one spouse, the couple would receive a *bonus* of \$3,764. In both cases, the penalty or bonus results from different tax brackets and standard deductions for single and joint filers. For low-income filers, the EITC causes the largest marriage penalties. For example, a couple with two children and each spouse earning \$16,000 would incur a penalty of more than \$4,000, almost all of which comes from the loss of the earned income credit when they file jointly.

How Many Couples are Affected?

Congressional Budget Office (CBO) Study. A 1997 CBO study indicated that more than 21 million married couples (42 percent of joint filers) incurred an average marriage penalty of nearly \$1,400, whereas another 25 million couples (51 percent) enjoyed a marriage bonus that averaged \$1,300.

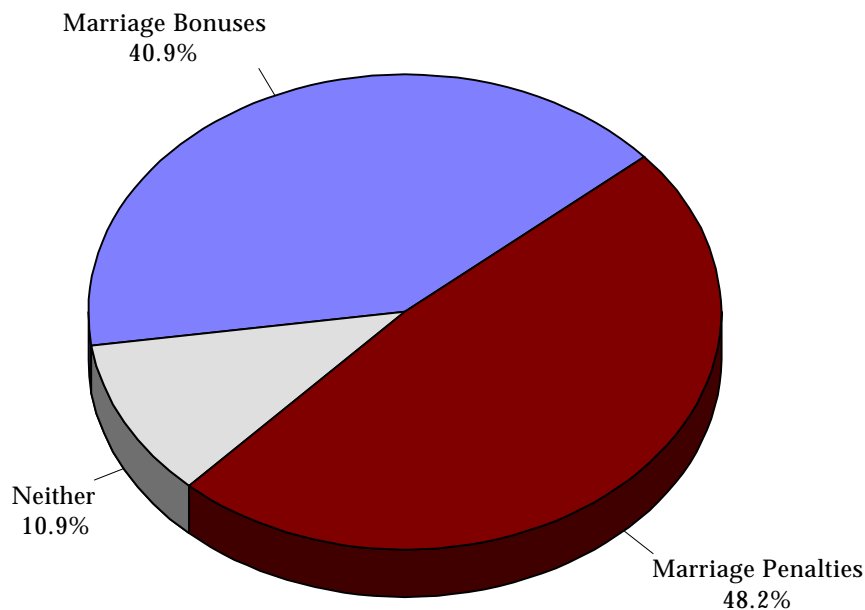
Treasury Department Study. In 1999, according to the Treasury Department, of the 51.4 million joint returns filed, 24.8 million (48 percent) incurred a marriage penalty, 21 million received a marriage bonus (41 percent), and the remaining 5.6 million (11 percent), many of whom had no tax liability, had neither a penalty nor bonus. According to the department, the average marriage penalty amounted to \$1,141 in 1999 and the average marriage bonus was \$1,274.

Clinton Administration Plan

In January, President Clinton outlined his own plan to reduce the impact of the marriage penalty, which the White House estimates will provide approximately \$45 billion in tax relief over 10 years. The proposal increases the standard deduction for two-income married couples to twice that of single filers and by \$500 for single-earner married couples and \$250 for single filers. The proposal also raises the income level at which the EITC begins to phase down for married families, as well as the level at which the EITC phases out for such families. The plan does not call for expanding the 15 percent tax bracket (unlike the House bill). Proponents of the president's proposal argue that it targets tax relief primarily to those couples who face marriage penalties (*i.e.*, two earner couples).

Marriage Penalties & Bonuses in 1999

Percentage of Couples Incurring Marriage Penalties and Receiving Marriage Bonuses



Source: Department of the Treasury

History of the Treatment of Married Couples in the Federal Income Tax

The U.S. imposes income taxes not on individuals, as do most other industrialized nations, but on couples, regardless of the division of incomes between spouses. Marriage penalties and bonuses are not deliberately intended to punish or reward marriage, but are the result of a delicate balance among disparate goals of the federal income tax system. On one hand, the tax code seeks to levy the same tax on couples with the same income. Conversely, it tries to minimize the effect of marriage on a couple's tax liability. However, a tax structure with progressive rates cannot attain both goals. The incompatibility of progressive rates, equal treatment of married couples, and marriage neutrality results in a continuing tension within the tax code.

At its inception in 1913, and for the next 35 years, the federal income tax was levied on individuals, so marriage had no effect on a couple's tax liability. Individual filing remains the practice in most other industrialized countries. In the United States, however, following the rapid expansion of the income tax during World War II, some states enacted community-property legislation to enable couples to split their income and thus pay lower federal income taxes.

Introducing Joint Filing. In response, Congress enacted the 1948 Revenue Act (*P.L. 80-471*), which replaced individual filing with a system of joint filing for married couples. Under that status, most married couples paid lower taxes than they would if they were taxed as individuals—marriage “bonuses” were thus born. However, many single taxpayers viewed joint filing not as a bonus for couples but instead as a “singles’ penalty” that made them pay higher taxes (as much as 42 percent more) than if they were married.

Under pressure from those taxpayers, Congress enacted the 1969 Tax Reform Act (*P.L. 91-172*) that changed income tax brackets to limit “singles’ penalties,” lowering taxes on individuals in relation to married couples (though it did not fully eliminate the “singles penalty”). This legislation created marriage “penalties” for the first time while continuing marriage bonuses for others.

Creating the Earned Income Tax Credit. Subsequent tax legislation has altered the size of penalties and the couples they affect. The 1975 Tax Reform Act (*P.L. 94-12*) created the Earned Income Tax Credit (EITC), a refundable credit available to low-income families with children. However, it also created a new source of marriage penalties for those families. Subsequent expansions of the credit have worsened its impact.

Complaints from two-earner couples about the “marriage tax” led President Reagan and Congress to reduce taxes for those couples as part of the 1981 Economic Recovery Tax Act (*P.L. 97-34*), which established a two-earner deduction equal to 10 percent of the earnings of the lower-earning spouse, up to a maximum deduction of \$3,000. The deduction reduced the marriage tax for all couples that incurred the penalty, and eliminated it entirely for some, but increased the size of the marriage bonus for others.

Tax Reform and Simplification. The 1986 Tax Reform Act (*P.L. 99-514*) repealed the two-earner deduction from the 1981 law as part of a broad tax reform package pushed by President Reagan that increased the standard deduction for married couples and collapsed the tax schedule from 15 brackets with a maximum rate of 50 percent to just two brackets with a maximum rate of 28 percent. That flattening of the tax rate structure sharply reduced the incidence and size of marriage penalties and bonuses. However, tax increases in 1990 and 1993 expanded the number of tax brackets from two to five, raised the maximum marginal tax rate to 39.6 percent, and sharply increased the size and coverage of the earned income tax credit. Together, these changes imposed significantly larger marriage penalties on both low- and high-income families and increased the size of the marriage bonus for some couples.

Contract with America. As the crown jewel of the *Contract with America*, Congress passed a comprehensive tax package (H.R. 2491; *H.Rept. 104-350*) that included, among other things, measures to reduce the impact of the marriage penalty. However, President Clinton vetoed the measure.

In addition, while the 1997 Taxpayer Relief Act (*P.L. 105-34*) did not include initiatives to reduce the marriage penalty, it had the unintended result of creating additional marriage penalties and bonuses by phasing out eligibility for individual retirement arrangements and child and education credits over various income ranges.

Last year, Congress passed the 1999 Taxpayer Refund & Relief Act (H.R. 2488; *H.Rept. 106-289*) to provide approximately \$792 billion in broad-based tax relief over 10 years, including \$117 billion in marriage penalty tax relief (very similar to the provisions outlined in the current House plan). However, President Clinton again vetoed the measure.

Increase in Two-Earner Couples

Besides congressional action, increases in labor force participation and the earnings of married women in the past 25 years have brought substantial shifts in the mix of taxpayers incurring penalties and receiving bonuses. Between 1969 and 1995, the fraction of working-age couples in which both spouses earned income increased from 48 percent to 72 percent. Over the same period, the income gap between hus-

bands and wives in two-earner couples narrowed substantially. Those two changes—an increase in two-earner couples and greater equality of spouses’ earnings—occurred for couples at all income levels, in all age categories, and regardless of whether they had children. The trend toward greater earnings equality between spouses is likely to result in more couples experiencing marriage penalties and to a greater degree.

The history of the changing taxation of couples and individuals demonstrates the tension between imposing higher taxes on one group or the other with a progressive rate structure. Taxing individuals, as was the case when the income tax began, avoids the problem of different taxes based on marital status but runs afoul of the principle of taxing married couples equally. The 1948 “solution” of joint taxation dealt with this problem but imposed higher taxes on individuals in relation to married couples, thus violating the principle of marriage neutrality. The last five decades have witnessed periodic movements between those two poles, depending on the demands for fairness toward individuals or couples. As long as Congress pursues the three mutually incompatible goals of marriage neutrality, equal treatment of couples with similar incomes, and progressive tax rates, this tension will endure.

Costs/Committee Action:

CBO did not complete a cost estimate for the bill. The Joint Committee on Taxation estimates that enactment will cost \$4.1 billion in FY 2001; \$50.7 billion over the FY 2001-2005 period; and \$182.3 billion over the FY 2001-2010 period.

The Ways & Means Committee reported the bill by a vote of 23-13 on February 2, 2000.

Other Information:

For information on H.R. 2488 as it was debated in the House, see *Legislative Digest*, Vol. XXVIII, #19, Pt. II, July 19, 1999; and #23, Pt. IV, August 4, 1999.

“Marriage and the Federal Income Tax,” Testimony before the Ways & Means Committee by CBO Director June E. O’Neill, February 4, 1998; “Marriage Tax Penalties: Legislative Proposals in the 106th Congress,” *CRS Report 98-679*, August 12, 1999; “For Better or For Worse: Marriage and the Federal Income Tax,” *Congressional Budget Office Study*, June 1997; “Defining and Measuring Marriage Penalties and Bonuses,” *Office of Tax Analysis*, Department of the Treasury, November 1999; Testimony by David Lifson from the American Institute of Certified Public Accountants before the Ways & Means Committee, January 28, 1998; “Overview of Conference Agreement for H.R. 2488,” *Joint Committee on Taxation*, August 4, 1999; “Major Tax Issues in the 106th Congress: A Summary,” *CRS Issue Brief 10013*, January 31, 2000.



Kevin Smith, 226-7862